

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

**James E. Martin
14531 Banner
Taylor, MI 48180**

Enforcement Case No. 07-5142

**J.E. Martin & Associates
3822 Dix
Lincoln Park, MI 48146
Respondents**

*Issued and entered
on June 23, 2008
by Peggy L. Bryson
Acting Chief Deputy Commissioner*

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation of the Michigan Department of Labor and Economic Growth, pursuant to the Michigan Administrative Procedures Act of 1969, MCL 24.201 *et. seq.*, (hereafter "MAPA") and the Michigan Uniform Securities Act, as amended, MCL 451.501 *et. seq.*, (hereafter "Act"), and the rules promulgated under the Act, say that:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The staff of the Office of Financial and Insurance Regulation (hereafter "OFIR") alleges that the following facts are true and correct:

1. OFIR is responsible for the licensing and regulation of securities and enforcement of the provisions of the Act. Effective April 6, 2008, the Office of Financial and Insurance Services was renamed the Office of Financial and Insurance Regulation and is hereafter referred to as ("OFIR") in this Order.
2. Respondent J.E. Martin & Associates, Inc. was a corporation organized under the laws of the State of Michigan on September 1, 1997. Its last known address was 3822 Dix,

Lincoln Park, MI 48146. Respondent James Martin served as President, Treasurer, and Director. Vivian Martin, Respondent James Martin's wife, served as Secretary. The corporation was automatically dissolved on July 15, 2004.

3. Respondent James E. Martin is a licensed real estate broker. His last known addresses are:
 - 14531 Banner, Taylor, MI 48180.
 - 25639 Loch Lomond Drive, Dearborn Heights, MI 48125-1073
 - 16905 Cicotte Avenue, Allen Park, MI 48101-3114
 - 6522 Leytonstone Boulevard, Southgate, MI 48105-3356
 - 11315 Suffolk, Southgate, MI 48105-3356
4. Century 21, Elite Realty was an assumed name for J.E. Martin & Associates, Inc. created on May 10, 2001.
5. Remerica Elite Realty, Inc. was an assumed name for J.E. Martin & Associates, Inc. created on August 30, 1997, and terminated on May 10, 2001.
6. OFIR received information that the Respondents J.E. Martin & Associates, Inc. (hereafter "JEMA") and James Martin ("Martin") were engaged in the activity of offering and/or selling unregistered or non-exempt securities in the State of Michigan.
7. [REDACTED] (collectively "Complainants") invested into unregistered, non-exempt securities with Respondent Martin in the form of Promissory Notes.
8. The Complainants received a Promissory Note and property description.
9. All of the Promissory Notes were allegedly collateralized by some form of real estate. The property referred to in each Note was either [REDACTED] or one of two parcels constituting a five-acre commercial property on [REDACTED] in [REDACTED].
10. At no time did Respondents own [REDACTED].
11. At no time did Respondents own the commercial property on [REDACTED] MI referred to in Finding of Fact 9.
12. Complainants were under the belief that if Respondent Martin defaulted on the note, Complainants were entitled to part or all of the collateral; the collateral being property mentioned in the promissory note and described in the property description.
13. Complainants received neither a prospectus nor offering memorandum regarding Respondent Martin's business operations.

14. Complainants did not receive any financial statements such as a balance sheet or income statement regarding Respondent Martin or his affiliated entities.
15. Respondent Martin defaulted on the promissory notes.
16. Complainants discovered that Respondent Martin did not own the parcels in question.
17. Complainants are still owed money.
18. Section 401(z) of the Michigan Uniform Securities Act includes as a "security" any "contractual or quasi contractual arrangement pursuant to which:
 - a. A person furnished capital, other than services, to an issuer;
 - b. A portion of that capital is subjected to the risks of the issuer's enterprise;
 - c. The furnishing of that capital is induced by the representations of an issuer, promoter, or their affiliates which give rise to a reasonable understanding that a valuable tangible benefit will accrue to the person furnishing the capital as a result of the operation of the enterprise;
 - d. The person furnishing the capital does not intend to be actively involved in the management of the enterprise in a meaningful way; and
 - e. A promoter or its affiliates anticipate, at the time the capital is furnished, that financial gain may be realized as a result thereof."
19. 401(c) of the Act defines "Agent" as any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.
20. Section 401(d) of the Act includes as a "Broker-Dealer" any person engaged in the business of effecting transactions in securities for the account of others or for his or her own account.
21. Respondents knew or had reason to know that Sections 101(1), (2), and (3) of the Act, MCL 451.501(1), (2), and (3), state that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to employ any device, scheme, or artifice to defraud, or to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.
22. Respondents further knew or had reason to know that Section 201 of the Act, MCL 451.601, provides that a person shall not transact business in this State as an investment adviser, agent or broker dealer unless registered under the Act.
23. Respondents further knew or had reason to know that Section 301 of the Act, MCL 451.701, makes it unlawful for a person to offer or sell any security in the State of

Michigan unless the security is: 1) registered under the Act, 2) an exempt security or transaction under Section 402 of the Act, or 3) a federally covered security.

24. Respondents further knew or had reason to know that Section 401(z) of the Act, MCL 451.801(z) defines a "security" which includes Promissory Notes issued by Respondents.

WHEREAS, Section 408 of the Act, MCL 451.808, states that whenever it appears to the Administrator (Commissioner of the Office of Financial and Insurance Regulation) that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with this act or any rule or order hereunder; and

WHEREAS, Respondents offered and sold securities to Michigan residents; and

WHEREAS, an investment contract, such as those issued by Respondents, meets all of the requirements of a security, as defined in Section 401(z) of the Act, MCL 451.801(z); and

WHEREAS, Section 301 of the Act, MCL 451.701, of the Act provides that it is unlawful for any person to offer or sell any security in Michigan unless the security is registered under the Act, the security or transaction is exempt under Section 402 of the Act, MCL 451.802, or the security is a federally covered security; and

WHEREAS, the securities offered and sold by Respondents do not meet any of the requirements listed in Section 301 of the Act, MCL 500.701; and

WHEREAS, Respondents therefore offered and sold securities in the State of Michigan in violation of Section 301 of the Act, MCL 451.701; and

WHEREAS, Section 201 of the Act, MCL 451.601, provides that a person shall not transact business in this State as an investment adviser, agent or broker dealer unless registered under the Act; and

WHEREAS, Respondents transacted business in the State of Michigan, but are not registered under the Act to act as an investment adviser, agent, or broker dealer; and

WHEREAS, Section 101(1) of the Act, MCL 451.501(1), provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to employ any device, scheme, or artifice to defraud; and

WHEREAS, in connection with the offer, sale or purchase of any security, Respondents employed a device, scheme, or artifice to defraud; and

WHEREAS, Section 101(2) of the Act, MCL 451.501(2), provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to make any untrue statement of a material fact or to omit to state a material fact necessary in order

to make the statements made, in the light of the circumstances under which they are made, not misleading; and

WHEREAS, in connection with the offer, sale or purchase of any security, Respondents made untrue statements of a material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; and

WHEREAS, Section 101(3) of the Act, MCL 451.501(3), provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and

WHEREAS, in connection with the offer, sale or purchase of any security, Respondents engaged in acts, practices, or a course of business which operated as a fraud or deceit upon the investors; and

WHEREAS, the Administrator finds this Order necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, based on the foregoing, OFIR Staff recommends that the Administrator find that Respondent has engaged in acts and practices that violate Section 101, 201, and 301 of the Act, MCL 451.501, 451.601, and 451.701, and Rule promulgated under the Act; and

ORDER

IT IS THEREFORE ORDERED, pursuant to Section 408 of the Act, MCL 451.808, and Section 409 of the Act, MCL 451.809, that:

Respondents shall immediately **CEASE AND DESIST** from violating Section 101, 201, and 301 of the Act, MCL 451.501, 451.601, and 451.701.

Failure to comply with this ORDER will subject you to one or more of the following:

- a. A civil penalty of not more than \$1,000 for each violation of this act, but not to exceed a total of \$10,000.
- b. A criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.

You may file with the Administrator within 15 days after service of this Order a written request for a hearing. The Administrator, within 15 days after your filing, shall issue a notice of hearing and set a date for the hearing. Any request for a hearing should be addressed to: the Office of

Financial and Insurance Regulation, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

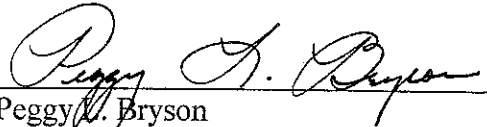
If you do not request a hearing, or it is not ordered by the Administrator within 15 days, this Order will stand as entered and will be FINAL.

It is important to understand that any statements that you present in response to this Order may be used against you at a hearing. It is also important to understand that you have the right, at your own expense, to have an attorney assist you at a hearing.

Any other communication regarding this Order should be addressed to the Office of Financial and Insurance Regulation, Attention: Marlon F. Roberts, P.O. Box 30220, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF
LABOR & ECONOMIC GROWTH

By:


Peggy A. Bryson
Acting Chief Deputy Commissioner

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Benjamin Hendricks
CRD No. 5524616
49255 Hunt Club Court
Plymouth, MI 48170

Enforcement Case No. 08-5693

Annacore Business Capital, LLC
IARD No. 147164
P.O. Box 701015
Plymouth, MI

Respondents

_____ /

Issued and entered
on August 19, 2008
by Stephen R. Hilker
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

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FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Office of Financial and Insurance Regulation is responsible for the licensing and regulation of securities and enforcement of the provisions of the Act. Effective April 6, 2008, the Office of Financial and Insurance Services was renamed the Office of Financial and Insurance Regulation, and is hereafter referred to as "OFIR" in this Order.

2. At all pertinent times Respondent Annacore Business Capital, LLC ("Annacore") was a limited liability company organized under the laws of the State of Michigan.
3. At all pertinent times Respondent Benjamin Hendricks (Hendricks) was a member of and resident agent for Annacore.
4. On March 20, 2008, Respondent Hendricks contacted OFIR by phone seeking information regarding finders in the State of Michigan. After doing some research, an OFIR investigator discovered that Annacore and Hendricks (collectively Respondents) operated a website.
5. Upon review of the website, it appeared that Respondents were actively soliciting business as investment advisers acting as finders. An excerpt of the main page accessed by OFIR on March 20, 2008, states, "Annacore Capital Funding works with angel investors, venture capitalists, private equity investment firms, and public companies that are seeking investments in many industries. We also work with entrepreneurs, business owners, and executives of established businesses who seek assistance in gaining access to financial and professional resources to help them grow their companies in a number of ways." According to the above-mentioned website, Annacore's resources can provide the following capital solutions:
 - Expansion or Growth Capital
 - Acquisition Capital
 - Recapitalization
 - Family Succession Recapitalizations
 - Management Buy-Outs
 - Management Buy-Ins
 - Industry Consolidations
 - Private-to-Public.
6. By nature of the allegations above, Respondents are both investment advisers and finders, as described in Section 401 of the Michigan Uniform Securities Act, MCL 451.801.
7. Respondents are not registered with OFIR as investment advisers.
8. By actively soliciting business as investment advisers acting as finders without being registered, Respondents are in violation of Section 201(c) of the Act, MCL 451.601(c)
9. Respondents knew or had reason to know that Section 201(c) of the Act, MCL 451.601(c), prohibits a person from transacting business in this state as an investment adviser unless the person is registered under this Act, or unless the person is registered as a broker-dealer without the imposition of a condition under section 204(b)(5), or unless the person's only clients in this state are insurance companies, federally covered advisers, banks, or trust companies.

WHEREAS, Section 408 of the Act, MCL 451.808, states that whenever it appears to the Administrator (Commissioner of the Office of Financial and Insurance Regulation) that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with this act or any rule or order hereunder; and

WHEREAS, Respondent, solicited business as investment advisers acting as finders; and

WHEREAS, Section 201 of the Act, MCL 451.601, provides that a person shall not transact business in this State as an investment adviser, agent, or broker dealer unless registered under the Act; and

WHEREAS, Respondent transacted business in the State of Michigan, but is not registered under the Act to act as an investment adviser, agent, or broker dealer; and

WHEREAS, the Administrator finds that the issuance of this Order is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, based on the foregoing, OFIR Staff recommends that the Administrator find that Respondent has engaged in acts and practices that violate Section 201 of the Act, MCL 451.601, promulgated under the Act.

ORDER

IT IS THEREFORE ORDERED, pursuant to Section 408 of the Act, MCL 451.808, that:

1. Respondent shall immediately **CEASE AND DESIST** from violating Section 201 of the Act, MCL 451.601.
2. Respondent shall pay to the State of Michigan a civil fine of One Thousand Dollars (\$1,000.00). Upon execution of this Order, OFIR will send Respondent an Invoice for the civil fine, which shall be due within 30 days of issuance of the Invoice.

Failure to comply with this ORDER may subject you to a criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.

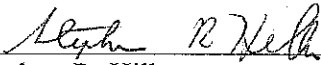
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By: 
Stephen R. Hilker
Chief Deputy Commissioner